

Message Text

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51

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

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R 291620Z OCT 73

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 3628

INFO AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS UNN

LIMITED OFFICIAL USE LUXEMBOURG 0758

E.O. 11652: N/A

TAGS: EFIN, LU

SUBJ: BENELUX VAT HARMONIZATION: FROZEN ORANGE CONCENTRATE

REF: STATE 211439

1. ACCORDING TO JULES PIERRET, SENIOR GOL OFFICIAL RESPONSIBLE FOR VAT, HARMONIZATION HAS NOT MOVED TO THE POINT OF PROPOSING A SPECIFIC RATE FOR FROZEN ORANGE CONCENTRATE.

2. PIERRET STATES THAT THERE IS DISAGREEMENT WITHIN BENELUX AS TO WHETHER OR NOT THE TWO RATE HARMONIZATION SCHEME IS TO BE COMPLETELY MANDATORY IN THE ASSESSMENT OF BOTH THE HIGH AND LOW RATES.

3. THE GOL FAVORS A TWO RATE SCHEME CONSISTING OF ONE LIST OF PRODUCTS ON WHICH ALL THREE MEMBER STATES AGREE TO ASSESS THE HIGH RATE OF DUTY, AND A SECOND LIST OF PRODUCTS ON WHICH EACH OF THE THREE STATES HAS THE OPTION OF ASSESSING EITHER THE LOW OR HIGH RATE. PIERRET ADMITTED THAT SUCH LATITUDE ON THE SECOND LIST COULD

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LEAD TO DIFFERENT RATES ON THE SAME PRODUCT IN DIFFERENT

STATES OF THE BENELUX. HE BELIEVED HOWEVER THAT THIS OPTION WOULD RESULT IN MORE PRODUCTS BEING SUBJECT TO THE LOW RATE. IF AN OPTIONAL LOW LIST WERE ADOPTED BY BENELUX, PRODUCTS SUBJECT TO THE LOW RATE OF DUTY IN ANY ONE OF THE COUNTRIES WOULD FIGURE ON THIS LIST. IF, ON THE OTHER HAND, THE BENELUX TRIED TO ACHIEVE HARMONIZATION THROUGH A MANDATORY SYSTEM FOR PRODUCTS AT BOTH THE HIGH AND LOW RATES, NEGOTIATIONS WOULD BE LONG AND LABORIOUS. IN ANY EVENT, PIERRET WAS PESSIMISTIC THAT THE 1975 DEADLINE FOR HARMONIZATION COULD BE MET, TERMING IT "UNREALISTIC." HE STATED THAT IN HIS VIEW VAT HARMONIZATION IN THE BENELUX WAS UNLIKELY TO BE ACCOMPLISHED BEFORE THREE YEARS AT THE EARLIEST. FARKAS

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